Closure of Bank branches in rural areas

†2928. SHRI UDAY PRATAP SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that Indian and Foreign banks are closing their branches in rural areas of the country; and

(b) if so, the reasons therefor and the guidelines and incentives being extended by Government to the banks for keeping their business alive in the rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Foreign banks in India have no pesence in rural areas. Therefore, the question of closing of their rural branches does not arise. A few Indian banks have been permitted to close/merge their loss making branches in rural areas. The Banks are allowed to close their loss making rural branches at centers having two or more branches of commercial banks functioning there. Further, under the Reconstruction Plan of Weak Banks approved by Government and Reserve Bank of India (RBI), three banks *viz.* Indian Bank, UCO Bank and United Bank of India were allowed to rationalize the branch network by closure/ merger of their loss-making rural branches in order to reduce their expenditure without affecting the banking service at the rural centers. RBI have advised the banks that a branch which is the only branch functioning at a rural center should not be shifted/closed/merged outside the service area as this would render the area unbanked.

Opening of Insurance Sector for Infrastructural Sector

2929. SHRI ABHAY KANT PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to open up the insurance sector for financing infrastructure sector;

(b) if so, the details thereof;

(c) by when the financing of infrastructural sector is likely to be started; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The Insurance Act, 1938 and Insurance Regulatory & Development Authority (Investment)

†Original notice of the question was received in Hindi.